



General Assembly

February Session, 2014

**Governor's Bill No. 5048**

LCO No. 644



Referred to Committee on FINANCE, REVENUE AND  
BONDING

Introduced by:

REP. SHARKEY, 88<sup>th</sup> Dist.

REP. ARESIMOWICZ, 30<sup>th</sup> Dist.

SEN. WILLIAMS, 29<sup>th</sup> Dist.

SEN. LOONEY, 11<sup>th</sup> Dist.

***AN ACT ESTABLISHING THE CHET BABY SCHOLARS PROGRAM.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1       Section 1. (NEW) (*Effective from passage*) (a) There is established  
2       within the Office of the State Treasurer a fund known as the CHET  
3       Baby Scholars Trust fund, for the purpose of supporting the  
4       Connecticut Higher Education Trust in promoting college education  
5       savings for newborn and adopted children.

6       (b) The State Treasurer shall use the funds deposited into the CHET  
7       Baby Scholars Trust fund, and any interest earned on such funds, for  
8       the purpose of establishing the CHET Baby Scholars program. The  
9       State Treasurer shall be the trustee and administrator of such funds  
10      and may invest such funds. The program shall promote college  
11      education savings by providing a maximum incentive contribution of

12 two hundred fifty dollars from the CHET Baby Scholars Trust fund to  
13 a designated beneficiary in the Connecticut Higher Education Trust  
14 established pursuant to sections 3-22f to 3-22o, inclusive, of the general  
15 statutes. "Designated beneficiary" has the meaning provided in section  
16 3-22f of the general statutes, except that, for purposes of this section,  
17 such beneficiary must be born or legally adopted on or after January 1,  
18 2014 and must be a state resident at the time an incentive contribution  
19 is made.

20 (c) The State Treasurer shall provide, from the available funds and  
21 accumulated interest in the CHET Baby Scholars Trust fund, incentive  
22 contributions to be credited toward the savings plan for a designated  
23 beneficiary in the amount of (1) one hundred dollars, provided a  
24 depositor enters into a participation agreement not later than the first  
25 birthday of the designated beneficiary, or, in the case of a designated  
26 beneficiary who is adopted, not later than one year after the date the  
27 designated beneficiary is legally adopted, and (2) one hundred fifty  
28 dollars, provided the designated beneficiary's savings plan has  
29 received deposits totaling at least one hundred fifty dollars, exclusive  
30 of the initial incentive contribution made pursuant to subdivision (1) of  
31 this subsection, not later than the designated beneficiary's fourth  
32 birthday, or, in the case of a designated beneficiary who is adopted,  
33 not later than four years after the date of adoption.

34 (d) The State Treasurer may enter into one or more contractual  
35 agreements to fulfill the purpose of this section, and any such  
36 contractual agreement shall specify the rules of participation in the  
37 CHET Baby Scholars program. The State Treasurer may pay for costs  
38 incidental to establishing the CHET Baby Scholars Trust fund or the  
39 CHET Baby Scholars program, and any administrative costs related to  
40 maintaining such program, from the CHET Baby Scholars Trust fund  
41 established pursuant to subsection (a) of this section.

42 Sec. 2. Section 12-743 of the general statutes is repealed and the  
43 following is substituted in lieu thereof (*Effective July 1, 2014*):

44 (a) Any taxpayer filing a return under this chapter may contribute  
45 any part of a refund under this chapter to (1) the organ transplant  
46 account established pursuant to section 17b-288, (2) the AIDS research  
47 education account established pursuant to section 19a-32a, (3) the  
48 endangered species, natural area preserves and watchable wildlife  
49 account established pursuant to section 22a-27l, (4) the breast cancer  
50 research and education account established pursuant to section 19a-  
51 32b, [or] (5) the safety net services account established pursuant to  
52 section 17b-112f, (6) the CHET Baby Scholars Trust fund established  
53 pursuant to section 1 of this act, or (7) an individual savings plan  
54 established under the Connecticut Higher Education Trust established  
55 pursuant to sections 3-22f to 3-22o, inclusive. Such contribution shall  
56 be made by indicating on the tax return, in a manner provided for by  
57 the Commissioner of Revenue Services pursuant to subsection (b) of  
58 this section, the amount to be contributed to the account.

59 (b) (1) The Commissioner of Revenue Services shall revise the tax  
60 return form to implement the provisions of subsection (a) of this  
61 section, which form shall include spaces on the return in which  
62 taxpayers may indicate their intention to make a contribution, in a  
63 whole dollar amount, in accordance with this section. The  
64 commissioner shall include in the instructions accompanying the tax  
65 return a description of the purposes for which the organ transplant  
66 account, the AIDS research education account, the endangered species,  
67 natural area preserves and watchable wildlife account, the breast  
68 cancer research and education account, [and] the safety net account,  
69 the CHET Baby Scholars Trust fund and the Connecticut Higher  
70 Education Trust were created.

71 (2) For purposes of facilitating the registration of a taxpayer as an  
72 organ donor, the commissioner shall include information in the  
73 instructions accompanying the tax return that [(1)] (A) indicates the  
74 manner by which a taxpayer may contact an organ donor registry  
75 organization, or [(2)] (B) provides electronic links to appropriate organ  
76 donor registry organizations for such purpose.

77       (3) For purposes of facilitating the participation of a taxpayer in the  
78       Connecticut Higher Education Trust, the commissioner shall include  
79       information in the instructions accompanying the tax return that (A)  
80       indicates the manner by which the taxpayer may contact the  
81       administrator of the Connecticut Higher Education Trust, or (B)  
82       provides electronic links to such administrator for such purpose.

83       (c) A designated contribution of all or part of any refund shall be  
84       irrevocable upon the filing of the return and shall be made in the full  
85       amount designated if the refund found due the taxpayer upon the  
86       initial processing of the return, and after any deductions required by  
87       this chapter, is greater than or equal to the designated contribution. If  
88       the refund due, as determined upon initial processing, and after any  
89       deductions required by this chapter, is less than the designated  
90       contribution, the contribution shall be made in the full amount of the  
91       refund. The Commissioner of Revenue Services shall subtract the  
92       amount of any contribution of all or part of any refund from the  
93       amount of the refund initially found due the taxpayer and shall certify  
94       the difference to the Secretary of the Office of Policy and Management  
95       and the Treasurer for payment to the taxpayer in accordance with this  
96       chapter. For the purposes of any subsequent determination of the  
97       taxpayer's net tax payment, such contribution shall be considered a  
98       part of the refund paid to the taxpayer.

99       (d) [The] Except for any funds collected for purposes of subdivisions  
100       (6) and (7) of subsection (a) of this section, the Commissioner of  
101       Revenue Services, after notification of and approval by the Secretary of  
102       the Office of Policy and Management, may deduct and retain from the  
103       remaining funds so collected an amount equal to the costs of  
104       implementing this section and sections 17b-288, 19a-32a, 22a-27l, 19a-  
105       32b and 17b-112f but not to exceed seven and one-half per cent of the  
106       funds contributed in any fiscal year and in no event shall exceed the  
107       total cost of implementation of said sections.

108       Sec. 3. (NEW) (*Effective from passage*) (a) Notwithstanding any

109 provision of the general statutes, no moneys invested in the  
110 Connecticut Higher Education Trust shall be considered to be an asset  
111 for purposes of determining an individual's eligibility for assistance  
112 under the temporary family assistance program, as described in  
113 section 17b-112 of the general statutes, programs funded under the  
114 federal Low Income Home Energy Assistance Program block grant,  
115 and the federally appropriated weatherization assistance program, as  
116 described in section 16a-41i of the general statutes.

117 (b) Notwithstanding any provision of the general statutes, no  
118 moneys invested in said trust shall be considered to be an asset for  
119 purposes of determining an individual's eligibility for need-based,  
120 institutional aid grants offered to an individual at the public colleges  
121 and universities in the state.

122 Sec. 4. Section 10a-178 of the general statutes is amended by adding  
123 subsection (q) as follows (*Effective July 1, 2014*):

124 (NEW) (q) "Connecticut Student Loan Foundation" means the  
125 Connecticut Student Loan Foundation established pursuant to chapter  
126 187a that is a subsidiary of the authority as provided in section 5 of this  
127 act.

128 Sec. 5. (NEW) (*Effective July 1, 2014*) (a) The Connecticut Student  
129 Loan Foundation is constituted as a subsidiary of the Connecticut  
130 Health and Educational Facilities Authority. The Connecticut Student  
131 Loan Foundation shall have all the privileges, immunities, tax  
132 exemptions and other exemptions of the Connecticut Health and  
133 Educational Facilities Authority and may exercise the powers granted  
134 pursuant to chapter 187a of the general statutes. The Connecticut  
135 Student Loan Foundation shall be subject to suit and liability solely  
136 from the assets, revenues and resources of the Connecticut Student  
137 Loan Foundation and without recourse to the general funds, revenues,  
138 resources or any other assets of the Connecticut Health and  
139 Educational Facilities Authority.

140 (b) On and after July 1, 2014, the board of directors of the  
141 Connecticut Higher Education Supplemental Loan Authority,  
142 appointed in accordance with section 10a-179a of the general statutes,  
143 shall also serve as the board of directors for the Connecticut Student  
144 Loan Foundation. A member of the Connecticut Student Loan  
145 Foundation board shall be eligible for reappointment. Any member of  
146 the Connecticut Student Loan Foundation board may be removed by  
147 the appointing authority for misfeasance, malfeasance or neglect of  
148 duty. Each member of the Connecticut Student Loan Foundation  
149 board, before entering upon his or her duties, shall take and subscribe  
150 the oath or affirmation required by section 1 of article eleventh of the  
151 State Constitution. A record of each such oath shall be filed in the  
152 office of the Secretary of the State.

153 (c) The Connecticut Student Loan Foundation board shall annually  
154 elect one of its members as chairperson and one of its members as vice-  
155 chairperson. The Connecticut Student Loan Foundation board may  
156 appoint an executive director, who shall be an employee of the  
157 Connecticut Health and Educational Facilities Authority and who shall  
158 serve at the pleasure of the Connecticut Student Loan Foundation  
159 board.

160 (d) The provisions of section 1-125 of the general statutes, subsection  
161 (e) of section 10a-185 of the general statutes and this subsection shall  
162 apply to any officer, director, designee or employee of the Connecticut  
163 Higher Education Supplement Loan Authority appointed as a  
164 member, director or officer of the Connecticut Student Loan  
165 Foundation and to an employee of the Connecticut Health and  
166 Educational Facilities Authority who is an authorized officer of the  
167 authority. Any such persons so appointed shall not be personally liable  
168 for the debts, obligations or liabilities of the Connecticut Student Loan  
169 Foundation as provided in said section 1-125. The subsidiary shall and  
170 the Connecticut Health and Educational Facilities Authority may  
171 provide for the indemnification to protect, save harmless and  
172 indemnify such officer, director, designee or employee as provided by

173 said section 1-125.

174 (e) The Connecticut Health and Educational Facilities Authority or  
175 the Connecticut Student Loan Foundation may take such actions as are  
176 necessary to comply with the provisions of the Internal Revenue Code  
177 of 1986 or any subsequent corresponding internal revenue code of the  
178 United States, as from time to time amended, to qualify and maintain  
179 any such subsidiary as a corporation exempt from taxation under said  
180 Internal Revenue Code.

181 Sec. 6. Section 10a-180 of the general statutes is amended by adding  
182 subsection (y) as follows (*Effective July 1, 2014*):

183 (NEW) (y) To provide and be compensated for such services to or  
184 on behalf of the Connecticut Student Loan Foundation as are  
185 appropriate for the operation and management of said foundation,  
186 including, without limitation, to provide to said foundation and to be  
187 reimbursed for costs associated with such space, equipment, supplies  
188 and employees as are necessary and appropriate for the operations of  
189 said foundation.

190 Sec. 7. Section 10a-202 of the general statutes is repealed and the  
191 following is substituted in lieu thereof (*Effective July 1, 2014*):

192 As used in this chapter, the following terms shall have the following  
193 meanings:

194 [(a)] (1) "Corporation" means the Connecticut Student Loan  
195 Foundation that is a subsidiary of the Connecticut Health and  
196 Educational Facilities Authority as provided in section 5 of this act;

197 [(b)] (2) "Board" means the board of directors of the Connecticut  
198 Student Loan Foundation, constituted as provided in section 5 of this  
199 act;

200 (3) "Connecticut Health and Educational Facilities Authority" means  
201 the authority established pursuant to section 10a-179;

202        [(c)] (4) "Eligible institution" means "eligible institution", as defined  
 203        in Title IV, Part B of the Higher Education Act of 1965;

204        [(d)] (5) "An institution of higher education" means "institution of  
 205        higher education", as defined in Title IV, Part B of the Higher  
 206        Education Act of 1965;

207        [(e)] (6) "Title IV, Part B of the Higher Education Act of 1965" means  
 208        the applicable provisions of Title IV, Part B of the Higher Education  
 209        Act of 1965, as amended, and the regulations promulgated thereunder  
 210        and as the same may from time to time be amended;

211        [(f)] (7) "Eligible lender" means "eligible lender", as defined in Title  
 212        IV, Part B of the Higher Education Act of 1965, where applicable.

213        Sec. 8. Section 10a-203 of the general statutes is repealed. (*Effective*  
 214        *July 1, 2014*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2014</i>	12-743
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>July 1, 2014</i>	10a-178
Sec. 5	<i>July 1, 2014</i>	New section
Sec. 6	<i>July 1, 2014</i>	10a-180
Sec. 7	<i>July 1, 2014</i>	10a-202
Sec. 8	<i>July 1, 2014</i>	Repealer section

**Statement of Purpose:**

To implement the Governor's budget recommendations.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*